Finance Procedural Statement: Business Expenses Test [1]

Purpose

This procedural statement sets forth University requirements and guidance applicable to common business expenses.

As a general rule, the conditions in this policy statement govern any use of University funds regardless of funding source (e.g., state appropriation, gift, start-up, sponsored project – this is not an all-inclusive list).
If University funds are used in whole or in part to purchase an item, then this item is considered to be University property. In the case of some sponsored project purchases, the sponsor may retain ownership of the item; consult with your grant accountant.

Considerations

All expenditures of University funds, regardless of source, must comply with the Tests of Propriety and other requirements found in the Administrative Policy Statement (APS) 4015- Propriety of Expenses. If you cannot answer Yes to all eight of the following Tests of Propriety, then the transaction is not an appropriate use of University funds.

Is the transaction:

1. For official University business?
2. In the best interests of the University?
3. The most effective way to accomplish official University business? Meaning that, without the expenses, would programmatic objectives be difficult or otherwise more costly to achieve? Or would the impact, level, or quality of the achievement be reduced?
4. In compliance with applicable policies, laws, regulations, and rules; and contracts, grants, and donor restrictions, including having the required approvals and authorizations by the appropriate fiscal role?
5. Within the available resources of the responsibility unit, taking into consideration all outstanding commitments and encumbrances?
6. Directly beneficial to the responsibility unit where it is being charged?
7. Reasonable? Meaning that the quantity and quality of goods or services being purchased is sufficient to meet the University's identified need without exceeding it.
8. In compliance with University conflict of interest provisions? Meaning that, if an employee derives private gain, or appears to derive private gain, as a result of the transaction, then the transaction violates the conflict of interest provisions stated in regent law, regent policy, and in APS 5012- Conflicts of Interest and Commitment in Research and Teaching.

Evaluating the propriety of University expenses requires the exercise of a high degree of judgment and discernment. Therefore, consider the following when deciding whether or not a particular transaction is a proper use of University funds:

1. "Would a University outsider - such as your dentist, a teacher at the local elementary school, the clerk at your grocery store, or your neighbor – consider the expenditure to be a reasonable and necessary expense of public funds?"
2. "Would you want others – such as newspaper, radio, television, or other media outlets – knowing and reporting about what you have decided?"
3. Think about whether an outsider, such as the general public or an auditor, would consider the expenditure a reasonable expense for University business and an appropriate use of University funds.

Approval Requirements

Appropriate approval/s must be obtained prior to incurring the expense. The department approver is responsible for ensuring compliance with policy requirements, including appropriateness of expense, submission of receipts/forms/documentation, and approval by additional authorities, as specified in policy or as requested. Purchases over $5,000 and purchases of designated items may involve additional approval requirements.

Substantiation and Tax Implications

Business Expense Substantiation & Tax Implications requirements apply to employee expenses reconciled in the Concur Travel & Expense System (Procurement Card/Travel Card/Airfare Card transactions and employee reimbursements). To avoid tax implications, the employee must document and submit the expense report within 90 days of the date the related trip ends, or within 90 days of the date the expense was incurred (if non-travel).

Matrix of Business Expenses

The following matrix provides guidance related to common business expenses.

Keywords:

Alcohol for resale, Operating

Alcoholic Beverages

The provision of alcoholic beverages is allowable at official function events when such beverages are customary and reasonable considering the facts and circumstances of the event. When alcohol is included, non-alcoholic beverages and food must also be served. Storage of alcoholic beverages will be in secured locations. When possible, excess alcohol from events should be returned to the vendor for credit. Questions on event close-out should be addressed to the campus controller's office fiscal compliance team.

Documentation and approval requirements follow the requirements listed under Official Function Meals, below, in addition to alcohol-specific requirements, including the use of specific funds/account codes and following University Risk Management and campus-specific alcohol procedures:

CU Boulder: Alcohol Service on Campus | Compliance, Ethics and Policy | University of Colorado Boulder (for events on campus see that policy), Alcohol flowchart 20180314.pdf
CU Denver | CU Anschutz: Events with Alcohol
UCCS: 100-003 Service and Use of Alcohol on Campus, Alcohol Authorization

Type of Expense Expense Type/Account Code	Description	Allowability
Recruitment Meal	See **Recruiting Costs for Prospective Employees/Students, below.**	
Student Function Meal	In general, these events are expected not to include alcohol.	No
Donor Cultivation, Solicitation, and Stewardship Event Official Function with Alcohol (550102)	Centered around past or future donors; these may or may not involve a donation solicitation but do not meet the definition of a Fundraising Event. Alcohol expense typically requires use of development funds (Fund 36). May also use gift funds (Fund 34 SpeedTypes with a Gift Purpose Code 2 of Y, designating that the SpeedType is restricted for purposes including entertainment, donor cultivation, or personnel recruitment). The Official Function form must be completed. Requires campus Advancement alcohol approval for Advancement organizational units. Also requires campus alcohol approval if non-Advancement organizational unit uses Fund 36. Requires officer approval at designated thresholds (total food/beverage cost over $10,000, or per-person food/beverage cost over $125/person pre-tax/tip/fees -- it is expected that, as stewards of university resources, employees continue to stay well below this per-person threshold).	Yes

Type of Expense Expense Type/Account Code	Description	Allowability
Fundraising Event Fundraising Event with Alcohol (550102)	Alcohol expense requires use of gift funds: Fund 34 SpeedTypes with a Gift Purpose Code 2 of Y, designating that the SpeedType is restricted for purposes including entertainment, donor cultivation, or personnel recruitment. In addition, the gift fund must have a Gift Purpose Code 1 of SE, designating a fundraising event. Advancement/ development funds (Fund 36) may also be used. The Fundraising Authorization form must be completed. Campus alcohol approval required. Officer approval for per-person or total thresholds is not applicable. For more information about Fundraising Events, see that section of **Official Function Meals/Events**, below.	Yes
CU-Hosted Conference Conference With Alcohol-CU Hosted (550200)	Alcohol expense requires use of conference revenue: Fund 20 or 29 SpeedTypes. May also use gift funds: Fund 34 SpeedTypes with a Gift Purpose Code 2 of Y, designating that the SpeedType is restricted for purposes including entertainment, donor cultivation, or personnel recruitment. May also use Sponsorships from external entities. The Official Function form (Conference section only) must be completed. Campus alcohol approval required. Officer approval for per-person or total thresholds is not applicable. For more information about CU-Hosted Conferences, see that section of **Official Function Meals/Events**, below.	Yes

Type of Expense Expense Type/Account Code	Description	Allowability
Donation of Alcohol for Meal/Event	Alcohol expense is not being covered by University funds. Campus alcohol/risk management procedures must still be followed. If alcohol is donated, Gifts-in-Kind procedures may apply. Consult with campus controller's office contact: CU Boulder: campus.accounting@colorado.edu [2] CU Denver | CU Anschutz: FS-Compliance@ucdenver.edu [3] UCCS: Xochil Herrera, Nicholas Martinez CU System: FSS@cu.edu [4]	Yes See Accounting Handbook Gifts-in-Kind [5]
Alcohol for resale by licensed establishment	For service at a licensed University location.	Yes

Awards, Rewards, and Prizes (see also Flowers, Gifts, and Tokens … and Gift Cards, below)

Type of Expense Expense Type/Account Code	Description	Allowability

For staff appreciation, individual/team recognition, or to promote participation in CU events. Recognition Awards Employees (550106) Recognition Cash Awards Non-Employees (550101) Recognition Awards Non-Employees (550105) Participant Prizes (550108)	Cash, cash-like (gift card), or non-cash items (flowers, gifts) for employees, associates, students, and other individuals. CU-branded items are recommended (e.g., pens or notebooks, coffee cups, apparel). Gift cards are allowable. Not for general or personal “thank-you” purposes. Cash in any dollar amount to employees are processed through Employee Services-Payroll (Additional Pay Form). Gift cards in any dollar amount to employees are tax reportable to Employee Services (Payroll) via the Recognition Reporting form. Cash awards to non-employees are processed through the Procurement Service Center (Payment Authorization Form).	Yes See Recognition Grid for recognition program, reporting form, tax reportability, and other requirements.
Student Function Meal	In general, these events are expected not to include alcohol.	No
Donor Cultivation, Solicitation, and Stewardship Event Official Function with Alcohol (550102)	Centered around past or future donors; these may or may not involve a donation solicitation but do not meet the definition of a Fundraising Event.	Yes

Break Room Supplies/Equipment

Type of Expense Expense Type/Account Code	Description	Allowability

Basic equipment and supplies Operating Supplies (552601)	For food preparation/storage within the workplace (e.g., coffee pots, toasters, refrigerators, microwaves, stoves, water filtration). For hygienic/cleaning purposes (e.g., paper towels, detergent, sponges). Does not include plates, silverware. Must be in common area available for use by all employees. Not allowable in individual offices.	Yes
Beverage service/snacks Operating Supplies (552601)	Available in the general public/reception area of an organizational unit, hosted by a university employee who is at/above the level of Chair/Director Service must be intended for non-employees (e.g., official guests, students). Not allowable in individual offices of university employees	Yes

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